

Member

NEWS *Fall 2004*

Indiana Public Employees' Retirement Fund

MILITARY SERVICE CREDIT

Many Hoosier military personnel are being called away from their families and jobs to serve on active duty, often for extended periods. Among them are active PERF members. For a time, they will leave civilian life, but they may not have left PERF coverage.

PERF members called to active duty are eligible for service credit equal to time away from that position while serving on active duty (see chart for details). Employers accrue contribution obligations for these members as if they were still on the job. Payments for these contributions will be owed to PERF when these citizen-soldiers return from active duty to the same PERF-covered position or another PERF-covered position with the same employer.

TIP: Ask your employer to notify PERF that you have gone on active duty.

When an employee who served retires, the fund will contact the member's employer(s) regarding any missing time in their payroll records. By submitting a DD214 (discharge papers) with their Retirement Application, the member could supply the answer. But if he/she does not know they should receive credit for that time, and the employer has no record with PERF or in their files, a lot of digging, head scratching, frustration and delay could be involved.

Employer-paid Annuity Savings Account contributions and pension obligations for any eligible member will be calculated as if the person had never left their PERF-covered position. Member-paid contributions that are post-tax, through salary reduction, may be made up if the member chooses to do so.

Service credit for up to five years of active duty is awarded if:

- Employee was working in a PERF-covered position when called for active duty.
- Employee did not take a distribution of the Annuity Savings Account at that time.
- Employee is honorably discharged.
- Employee returns to a PERF-covered position with the same employer within 120 days of discharge, unless there are extenuating circumstances, such as recuperation from injuries.

This coverage applies to the first enlistment, not to voluntary re-enlistments made while on active duty. Many active, reserve, and guard units now have an extended tour of duty. This extension is not considered re-enlistment, nor is serving multiple years prior to active duty call-up.

Persons working in a PERF-covered position may be eligible to buy additional service credit based on prior military service. This kind of purchase is made prior to retirement. The provisions which apply to this type of service credit purchase are found in the member handbook posted on PERF's website. Purchase forms are also available online.

PERF FROM HOME

PAGE 2

PROTECT
YOURSELF

3

YOUR RECORDS
ARE SAFE

4

PERF FROM HOME

NEW WEBSITE

What will my monthly income be at retirement? What benefits can I expect from PERF if I am disabled? You can find the answers to these and other questions on the new PERF website at www.perf.in.gov.

You no longer have to search your files for your old Member Handbook. You can search the online information instead, and be certain that it is up to date. You might even “bookmark” this site by including it in your list of favorites.

BENEFITS CALCULATOR

One of the most useful tools available on the website is the Benefits Calculator. Both active and retired members can use this tool to find out approximately how much income they will receive once they are eligible for a PERF benefit. The calculator will show you how each retirement payment option will affect your monthly income. It also gives you the option of including an estimated future Annuity Savings Account balance in the calculation of your monthly pension benefit. Many members forget they have the pension portion of their retirement benefit because it is not included in the quarterly statements mailed to your home.



Home Page of the New PERF Website

MEMBER HANDBOOKS

The 2004 PERF Member Handbook has now been posted on the website. You can view and print the booklet at anytime. You can also find answers to specific questions about the fund, your benefits, retirement qualifications, and many other topics. Simply look under Frequent Questions in the member's section of the website.

APPLY TO RETIRE

If you are considering retirement in the near future, be sure to take all the necessary steps to begin collecting your PERF benefits.

- Closely review the most recent quarterly statement of your Annuity Savings Account. Make sure your address is current. If you need to update information, call 1-888-526-1687.
- Use the Benefits Calculator at www.perf.in.gov to get an approximate estimate of your retirement benefits.
- Resolve questions regarding purchasing any additional eligible service.
- Call PERF to schedule a counseling appointment early in the process.
- Submit your completed retirement application up to six months before your anticipated retirement date. Retirement packets are available from your employer or PERF.

- After your last day in pay status, your employer will verify that final date with PERF.
- Your effective date of retirement will be the first day of the month following your last day in pay status.

Getting an early start on the PERF retirement process will give you plenty of time to consider your monthly payment options and tax consequences. **You cannot change any of the options made on your retirement application once your first retirement check is issued.** Just remember, you can't start your benefits if you don't file, and you might not receive them on time if you don't file early.

KEEPING YOUR MONEY INVESTED



When you leave covered employment, you may leave your Annuity Savings Account invested with PERF. You may continue to invest in any of the six available options, and will continue to receive a quarterly statement. However, if you **are not vested**, investments in the Guaranteed Fund will only be credited with interest for a period of 10 years, after which, no further interest will be credited.

Vested members who are inactive are strongly encouraged to leave their ASA investments with PERF. You can earn a competitive rate on the risk-free Guaranteed Fund. You can diversify your investments among five other options, as well.

Taking a distribution of your ASA funds prior to retirement carries two consequences:

- **Vested members will forfeit any future pension benefit. Remember, your quarterly statement does not include this part of your PERF benefit.**
- **PERF must withhold 20% of any funds distributed directly to you and not rolled over into another qualified plan. The IRS will tax that distribution in the year it is received.**

PROTECT YOURSELF

Using a person's Social Security number or credit card information for fraudulent purposes is becoming more common. It's a serious crime, and victims can spend time and money cleaning up the mess left behind by identity thieves.

Identity thieves can take advantage of personal information you share over the internet by posing as legitimate businesses. Recently, unsolicited emails arrived that appeared to be from a recognizable bank, such as Citibank or US Bank. The email asked users to help the bank by "verifying your current information." When the user clicked on the link provided, the page came up, asking the user to login using a credit card number and provide all the personal information normally used to verify identities.

These are particularly clever schemes because they appear authentic. But remember that legitimate businesses do not ask you to provide this kind of personal information until you have given them some other permission to accept it. If you have any doubt, you can call the contact number provided on the site. The fact that there is no contact information anywhere on the website is a clue that it is a scam.

The Federal Trade Commission has published an excellent resource entitled *ID Theft: When Bad Things Happen to Your Good Name*. You can get it from www.consumer.gov/idtheft.

You can, and should, take steps to protect yourself:

- **Choose a personal identification number (PIN) for credit cards and financial information that is not your birthday or address or other passwords that are easy to guess. Never write it down on your ATM or credit card and don't keep it in your wallet or purse.**
- **Don't leave credit card receipts behind at a check out counter, in a restaurant, or at the gas station. Destroy unwanted credit card offers and other sensitive documents before discarding them.**
- **Never give your credit card number or personal information to someone over the phone unless you are certain the call is from a legitimate business.**
- **If you did not initiate the call or email contact, do not give your PIN or credit card number over the phone or on the internet to "verify" your information.**
- **Use direct deposit for your PERF benefits. This guarantees the money will be in your account on the 15th of the month.**

YOUR RECORDS ARE SAFE

In a world of information exchange, you are often asked for personal information that is critical to your financial well being. PERF's business is to create and maintain detailed member information. We take protecting your information from identity theft and records confidentiality very seriously.

Only the last four digits of your Social Security number are ever included in information from the Fund. Except for your name and years of service, your individual member account records are strictly confidential. We will never give your account information to an unauthorized party.

A SPECIAL HONOR



PERF's Vice-Chair of the Board, Richard Doermer (right), received a Sagamore of the Wabash from Governor Kernan, in recognition of his 28 years of service to the PERF Board of Trustees. Mr. Doermer was officially appointed to his 8th term, which began July 1, 2004.

GUARANTEED FUND RATE

The guaranteed Fund Rate is:

6.25% - credited quarterly at 1.53%. Effective July 1, 2004-June 30, 2005.

COLA

Members, and survivors or beneficiaries of members, who retired or were disabled before January 1, 2004, will receive a 2% cost of living adjustment to the pension portion of their monthly benefit payable after December 31, 2004.

Member NEWS

A publication of the Indiana Public Employees' Retirement Fund, a system of six retirement plans designed in partnership with employers and elected officials to provide secure long-term retirement benefits for employees who choose careers in public service.



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